

**MINUTES OF THE MEETING
BOARD OF TRUSTEES
DIVISION OF PUBLIC WORKS RETIREMENT SYSTEM
January 20, 2005**

A meeting of the Board of Trustees, Public Works Retirement System, was held on January 20, 2005 in the Finance Conference Room – 1st Floor at City Hall. Chairman Deane called this meeting to order at 11:32 AM.

Members Present:

Alderman David Deane - Chairman
Trustee Robert Hussey – Vice-Chairman
Trustee Don Dyer– BPW Commissioner
Trustee Jim Campbell – Employee Member
Trustee Marguerite Dumont - Employee Member

Members Not Present:

Invited Guests:

David Fredette, Treasurer/Tax Collector, City of Nashua (arrived at 11:36 AM)
Kathleen Conti, Admin Asst.

Expected Visitors:

Robert Magan, Banknorth Investment Advisor, presented his quarterly review. Bob Dinan, Vice President & Senior Financial Advisor for Banknorth Investment, accompanied Mr. Magan. The review included an analysis of the economy, a review of the Investment Objectives and Guidelines and the portfolio performance for the period.

Mark Govoni, Bank of America Investment Advisor, presented his quarterly review. The review included an analysis of the economy, a review of the Investment Objectives and Guidelines and the portfolio performance for the period. Mr. Govoni expected his portfolio to perform better in the next 6 months.

Tim Lesko, Boston Private Value Investors Advisor, was not scheduled for this quarter. Mr. Lesko did send quarterly packages for distribution to the Trustees, prior to the meeting.

At the conclusion of the presentations, Trustee Hussey handed out a two-page analysis of the combined investment performance. Trustee Hussey reviewed the summary with the other Trustees. The Trustees focused in on the 6- month performance results. Both Banknorth and Boston Private are above the S & P standard set for the Investment Advisors, while Bank of America lags slightly under the index. In the bond area, all Investment Advisors are slightly under the index, however Trustee Hussey pointed out that with the change in Investment Guidelines, allowing the purchase of BBB rated bonds, the Investment Advisors should be able to perform closer to the standard, which is the Lehman Gov't/Credit Interm Bond Index. Trustee Hussey drew attention to the 6-month Total Portfolio Performance for the Investment Advisors. The Investment Goal is 7.25%, after Management Fees. For the 6-month period Banknorth was at 7.20%, Boston Private was at 6.70%, and Bank of America was at 5.09%. For the 1-year period, Banknorth was at 10.60% and Bank of America was at 6.84%. Boston Private has not been on board for the full year. Trustees continue to be concerned with Bank of America's performance results. The Trustees agreed that they should continue to review the performance of the investment advisors at a summary level.

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Minutes of the Meeting:

The minutes of the December 16, 2004 were presented for review and acceptance.

MOTION BY: Chairman Deane to accept the minutes of the December 16, 2004 meeting.

SECONDED BY: Trustee Hussey

MOTION CARRIED: Unanimously with Commissioner Dyer abstaining.

Personnel:

None at this time

Old Business:

None at this time

New Business:

Ms. Conti presented her Invoice #21 for transcription of minutes and meeting preparation to the Board for payment.

Ms. Conti explained that the week ending date on the invoice was incorrect. The week ending date should be 1-21-05.

MOTION BY: Chairman Deane for payment of Invoice #21 as submitted by Kathleen Conti, and amended to reflect the week ending date of 1-21-05.

SECONDED BY: Trustee Dumont

MOTION CARRIED: Unanimously

Approval of distribution of funds for the period December 17, 2004 thru January 20, 2005, in the amount of \$120,268.59, was presented to the Board. The Trustees reviewed the detail.

MOTION BY: Chairman Deane to accept, place on file and approve the distribution of funds, of \$120,168.59, as presented.

SECONDED BY: Trustee Dyer

MOTION CARRIED: Unanimously

City Treasurer Fredette handed out a copy of the City Charter, Section 2-642, Military Service. Mr. Fredette explained that the language is very similar to the language in the NH State Retirement Plan. The term "terminate employment" is used when an employee has been called to active duty. The employee will, however, be allowed to return to The City of Nashua, as stated in Section 2-642. During the period the employee is on active duty, they are entitled to receive service credit in the pension system. Currently, Francis Hyland of the DPW Street

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Department is on active duty. The City has been paying Mr. Hyland, weekly, the difference between his Military pay and his City of Nashua salary. The City had been deducting federal taxes and pension weekly from Mr. Hyland's check. The City discovered that this was incorrect. No taxes were to be taken out of this pay, as well as pension deductions. Mr. Hyland is entitled to receive creditable weeks of service while he is on active duty, but does not have to make a weekly contribution. The City of Nashua Payroll Department is working on reimbursing Mr. Hyland for these errors. Ms. Conti stated that the City of Nashua Payroll Department had contacted her regarding this error. Ms. Conti is working with Payroll and the City of Nashua IT Department to ensure that Mr. Hyland's Retirement records are accurate.

Ms. Conti included in the packets a copy of the signed Amendment to the "Statement of Objectives and Goals". Commissioner Dyer was not present at the prior meeting to sign the Amendment. Ms. Conti obtained his signature after the meeting. Ms. Conti wanted to ensure all the Trustees had the copy with all the signatures. Trustee Hussey is working on, in conjunction with the Investment Advisors, consolidating all the Amendments into a single document. He is hoping to have this available for review at the next meeting.

Items by Trustees:

Trustee Campbell brought forth a question by some members. If an employee is working at an alternate rate and pension deductions are calculated at this alternate rate, when the employee retires shouldn't the 65% retirement benefit be calculated on a salary that includes the alternate rate? The current retirement calculation is based on the employees base salary at the time of retirement. The question is being raised because there are so many temporary positions in DPW now. The Trustees decided that the Ordinance should be reviewed with the CFO, Carol Anderson, and the City of Nashua Payroll Dept. A good future agenda item.

Items by Chairman:

Chairman Deane wanted to thank Trustee Hussey for his thoughtful thank-you. Chairman Deane will bring in the note to be read into the record. Chairman Deane also reminded the other Trustees that a meeting was scheduled for 2PM today to meet with Frank Anderson, Trustee Hussey's recommended replacement.

Chairman Deane set the next meeting to be Thursday February 24, 2005 @ 11:30 AM.

MOTION TO ADJOURN: Chairman Deane to adjourn at 1:00 PM.

SECONDED BY: Trustee Campbell

MOTION CARRIED: Unanimously